

CWA Local 1101-1105

May 19, 2021

I want to thank the officers and members of the Local 1101-1105 RMC for inviting me to speak at your meeting today.

First you should know how the Local Union Supplemental Pension and Severance Fund Trust came into existence. It is now commonly referred to as LUSP.

The officers of 5 CWA Locals 1101,1102,1103,1106 and 9500 in San Francisco met in 1974 wanting to provide a safe and secure method of saving for long term objectives, specifically retirement, or any other worthwhile goal. The Fund opened for business on the first of January 1975.

The original field of membership included the members of any CWA Local. Later the field of membership was modified to include anyone who is a member of any labor Union both active and retired, and members of their immediate family. Also added were members of the Armed Forces of the US both active and veterans and the members of their immediate families. The Fund's name has been modified to make it a little easier for everyone to remember. The name Local Unions Supplemental Pension was shortened further to the initials LUSP.

The Governing body of the Fund is the Board of Trustees. The Trustees are:

Myself as the Plan Administrator and former Treasurer of Local1101 and a Certified Employee Benefits Specialist.

Bob Perez former Treasurer of Local 1105

Doug Sheehan former Treasurer of Local 1103

Tom Haughey retired member of Local 1107.

Mary Ciani a licensed insurance broker with Nationwide Insurance.

In addition to the Trustees, Christopher Ciani, a Certified Financial Planner and Advisor, has been hired as a Third-Party Administrator.

Operationally, Both Chris and I run the plan.

Let me explain the features of the Fund:

1. This is an Unqualified Plan under the current IRS regulations. This means that no transfers into or out of the Fund can be made between a Qualified plan (401 k, 457, IRA etc.) and the Fund.
2. This is a unique plan that is structured as a Fixed Income Group Annuity. Each year during the last half of December in a meeting with Nationwide Insurance a new rate is negotiated for the coming plan year. Nationwide guarantees the principal and interest in member's account.
3. All interest accumulates on a tax deferred basis. There are no 1099's issued each year reporting the interest to the IRS. Upon withdrawal of the funds in a member's account, the interest will be taxable only, never the member's contributions.
4. Members can maintain their accounts indefinitely. There are no RMD's required. Accounts can be transferred to the account of beneficiaries upon the death of a member. The beneficiaries can keep their accounts and enjoy all the benefits of all the members indefinitely. There are no taxes due at that time. They may also take all or part of the money out at any time with some taxes due, but only on accumulated earnings. Minimum partial distributions are \$500 and a maximum of 60% of the account value, once in a 12-month period. Complete distributions can be made at any time, but the member may not participate in the fund again for a period of 6 months.

5. Members may participate in the Fund by authorizing a payroll deduction with their employer if available, they can send deposits via the home banking feature of their banking institution, they can make lump sum deposits (at least \$500) at any time, or they can do a combination of any or all methods. The minimum home banking and payroll deduction method is \$10 sent on a regular basis, weekly, monthly etc.

6. All forms necessary to conduct business with the Fund are available online at www.lusptrust.org, or by contacting us at 845-367-7625.

7. The plan features include:

a. No commissions, startup charges, or loads front or back.

b. No interest penalties for withdrawals at any time. There are no maturity timeline requirements.

c. Interest accumulates daily. No 1099 INT form is issued each year, only when funds are withdrawn.

d. There is no annual maintenance fee.

e. Accounts may annuitize, or not at the members choice at any time. There is no exclusive relationship with Nationwide to choose from their products. Like kind transfers between any provider, both into and out of LUSP may be made via a 1035 exchange without immediate taxes due. There is no charge for this transfer. Nationwide charges a processing fee of \$25 for partial withdrawals and \$50 for complete distributions. There is no charge for members to annuitize to a Nationwide product.

Plan Performance:

The current rate of interest being paid on LUSP accounts is 2.15%.

This fund has been in existence since 1974. Interest rates for the last several years have been at their lowest ever. The Plan has consistently outperformed the average 5-year CD rates. There is a bar graph on the web site (www.lusptrust.org) showing the plan performance for the last 30 plus years. Available for further comparison the interest paid on the 5-year Treasuries can be found on the **US Treasury web site.**

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Any Questions?